

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

DECEMBER 31, 2006 AND 2005

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To the Board of Directors
The Marty Lyons Foundation, Inc.
(A Non-Profit Corporation)
326 West 48th Street
New York, NY 10036

Independent Auditors' Report

We have audited the accompanying statements of financial position of The Marty Lyons Foundation, Inc. (a non-profit corporation), as of December 31, 2006 and 2005 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The Marty Lyons Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marty Lyons Foundation, Inc. as of December 31, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule 1 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants

West Hempstead, New York
May 18, 2007

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<i><u>Current Assets:</u></i>		
Cash and Cash Equivalents	\$ 128,049	\$ 523,223
Prepaid Expenses	8,000	19,248
Total Current Assets	<u>136,049</u>	<u>542,471</u>
<i><u>Furniture and Equipment:</u></i>		
Furniture and Equipment (Net of Depreciation)	5,546	6,696
<i><u>Other Assets:</u></i>		
Investments (at Market Value)	<u>243,263</u>	<u>77,002</u>
TOTAL ASSETS	<u><u>\$ 384,858</u></u>	<u><u>\$ 626,169</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<i><u>Current Liabilities:</u></i>		
Accounts Payable	\$ 58,748	\$ 43,404
Deferred Revenue	15,500	3,600
Total Current Liabilities	<u>74,248</u>	<u>47,004</u>
Total Net Assets - Unrestricted	<u>310,610</u>	<u>579,165</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 384,858</u></u>	<u><u>\$ 626,169</u></u>

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
<u>Revenue and Other Support:</u>		
Fund Raising Events	\$ 351,334	\$ 424,679
Celebrity Golf Classic	305,176	331,555
Unrestricted Contributions and Grants	303,481	334,214
Interest and Dividend Income on Investments	14,735	8,571
Realized and Unrealized Gains (Loss) on Investments	2,870	(963)
Total Revenue and Other Support	977,596	1,098,056
<u>Expenses:</u>		
Specific Assistance to Individuals	597,043	504,027
Fund Raising Events Expenses	333,097	298,283
Payroll and Payroll Taxes	143,095	129,942
Public Relations and Fund Raising	46,064	37,468
Telephone	14,633	17,868
Employee Health Insurance	12,314	11,297
Insurance	12,078	19,882
Rent Expense	12,000	12,000
Chapter and Board Meeting Expenses	11,858	8,644
Website and Computer Costs	9,904	2,925
Supplies	9,659	11,658
Professional Fees	9,258	7,420
Seminar Fees	6,320	5,486
Administrative and Office Expenses	6,111	1,044
Stationery, Printing and Postage	5,774	3,910
Professional Dues, Registrations and Licenses	5,273	3,768
Pension Plan Contribution	3,812	3,714
Credit Card Fees	2,800	2,650
Bank Charges and Miscellaneous	2,209	2,435
Payroll Processing	1,699	1,485
Depreciation	1,150	1,794
Total Expenses	1,246,151	1,087,700
(Decrease) Increase in Net Assets (Unrestricted)	(268,555)	10,356
<i>Net Assets (Unrestricted)</i> - Beginning of Year	579,165	568,809
<i>Net Assets (Unrestricted)</i> - End of Year	\$ 310,610	\$ 579,165

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

2006	Program Services	Management and General	Fund Raising	Total
Specific Assistance to Individuals	\$ 597,043	\$ -	\$ -	\$ 597,043
Fund Raising Events Expenses	-	-	333,097	333,097
Payroll and Payroll Taxes	143,095	-	-	143,095
Public Relations and Fund Raising	-	-	46,064	46,064
Telephone	13,170	1,463	-	14,633
Employee Health Insurance	12,314	-	-	12,314
Insurance	12,078	-	-	12,078
Rent Expense	9,000	3,000	-	12,000
Chapter and Board Meeting Expenses	10,672	1,186	-	11,858
Website and Computer Costs	7,428	2,476	-	9,904
Supplies	8,693	966	-	9,659
Professional Fees	-	9,258	-	9,258
Seminar Fees	4,740	1,580	-	6,320
Administrative and Office Expenses	5,500	611	-	6,111
Stationery, Printing and Postage	5,197	577	-	5,774
Registrations and Licenses	4,746	527	-	5,273
Pension Plan Contribution	3,812	-	-	3,812
Credit Card Fees	-	2,800	-	2,800
Bank Charges and Miscellaneous	-	2,209	-	2,209
Payroll Processing	1,699	-	-	1,699
Depreciation	-	1,150	-	1,150
Totals	<u>\$ 839,187</u>	<u>\$ 27,803</u>	<u>\$ 379,161</u>	<u>\$ 1,246,151</u>
2005				
Specific Assistance to Individuals	\$ 504,027	\$ -	\$ -	\$ 504,027
Fund Raising Events Expenses	-	-	298,283	298,283
Payroll and Payroll Taxes	129,942	-	-	129,942
Public Relations and Fund Raising	-	-	37,468	37,468
Insurance	19,882	-	-	19,882
Telephone	16,081	1,787	-	17,868
Rent Expense	9,000	3,000	-	12,000
Supplies	10,492	1,166	-	11,658
Employee Health Insurance	11,297	-	-	11,297
Chapter and Board Meeting Expenses	7,780	864	-	8,644
Professional Fees	-	7,420	-	7,420
Seminar Fees	4,388	1,098	-	5,486
Stationery, Printing and Postage	3,910	-	-	3,910
Registrations and Licenses	-	3,768	-	3,768
Pension Plan Contribution	3,714	-	-	3,714
Website and Computer Costs	2,625	300	-	2,925
Credit Card Fees	-	2,650	-	2,650
Bank Charges and Miscellaneous	-	2,435	-	2,435
Depreciation	1,094	700	-	1,794
Payroll Processing	-	1,485	-	1,485
Administrative and Office Expenses	939	105	-	1,044
Totals	<u>\$ 725,171</u>	<u>\$ 26,778</u>	<u>\$ 335,751</u>	<u>\$ 1,087,700</u>

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
<u>Cash Flows from Operating Activities:</u>		
(Decrease) Increase in Net Assets	\$ (268,555)	\$ 10,356
<i>Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used) in/Provided by Operating Activities -</i>		
Depreciation	1,150	1,794
Realized and Unrealized (Gains) Loss on Investments	(2,870)	963
Decrease in Receivables	-	16,080
Decrease (Increase) in Prepaid Expenses	11,248	(16,248)
Increase in Accounts Payable	15,344	10,241
Increase in Deferred Revenue	11,900	3,600
Net Cash (Used) in/Provided by Operating Activities	(231,783)	26,786
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investments	(303,734)	(1,501)
Sales of Investments	140,343	-
Net Cash (Used) in Investing Activities	(163,391)	(1,501)
Net (Decrease) Increase in Cash and Cash Equivalents	(395,174)	25,285
Cash and Cash Equivalents at Beginning of Year	523,223	497,938
Cash and Cash Equivalents at End of Year	\$ 128,049	\$ 523,223
<u>Cash and Cash Equivalents at End of Year:</u>		
Cash in Checking Accounts	\$ 80,344	\$ 306,622
Cash in Money Market Accounts	47,705	216,601
Total	\$ 128,049	\$ 523,223
<u>Supplementary Information:</u>		
Interest Paid on a Cash Basis	\$ 0	\$ 0
Income Taxes Paid on a Cash Basis	\$ 0	\$ 0

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

Note 1 - Summary of Significant Accounting Principles and Policies:

This summary of the significant accounting principles and policies of The Marty Lyons Foundation, Inc. is presented to assist in evaluating the corporation's financial statements included in this report. These principles and policies conform to accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which impact the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. A summary of the accounting principles and policies followed by The Marty Lyons Foundation, Inc. is as follows:

- Classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.
- All contributions received by the organization are recorded as unrestricted support because they are received without donor stipulations that would limit the use of the donated assets.
- Assets, liabilities, revenue and expenses are recognized on the accrual basis.
- For the purpose of the statements of financial position and cash flows, cash and cash equivalents includes cash deposited with banks and short-term highly liquid investments generally with original maturities of three months or less. These cash, cash equivalents and short-term investments approximate fair value because of the short maturities of these instruments.
- Investments are stated at market value which are determined at quoted market prices.
- Equipment is recorded at cost or, if donated, at fair market value and is depreciated on a straight-line basis over the estimated life of the respective asset.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

Note 1 - Summary of Significant Accounting Principles and Policies (continued):

- The organization adopted FAS No. 124, “Accounting for Certain Investments Held by Not-For-Profit Organization,” in 1997. Under FAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.
- Cash and cash equivalents include cash in checking and money market accounts.
- The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short-term nature of the items. The fair value of marketable securities is determined by quoted market prices.

Note 2 - Formation, Tax Exempt Status:

The Marty Lyons Foundation, Inc. was incorporated on October 28, 1982 in New York State as a Not-for-Profit corporation. The purposes for which the corporation was formed was to raise funds to be used to fulfill the wishes of children with either chronic life-threatening illnesses or terminally ill children between the ages of three and seventeen. The Marty Lyons Foundation, Inc. provides activities that include trips and meetings with celebrities and sports figures. The corporation’s support and revenue is generated through contributions, gifts, grants and special fund raising events and activities. The corporation received federal tax exempt 501(c)(3) status from the Internal Revenue Service on April 27, 1984. Donors may deduct contributions to the corporation as provided in Section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to the corporation can be deductible for Federal estate and gift tax purposes.

The Marty Lyons Foundation, Inc. is currently registered to solicit funds in New York, Florida, Georgia, Massachusetts, Maryland, New Jersey, South Carolina, Connecticut and Texas.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

Note 3 - Cash and Cash Equivalents:

Cash and cash equivalents consists of the following accounts:

	<u>2006</u>	<u>2005</u>
Cash in Checking Accounts	\$ 80,344	\$306,622
Cash in Money Market Accounts	<u>47,705</u>	<u>216,601</u>
Total	<u>\$128,049</u>	<u>\$523,223</u>

Note 4 - Investments:

Investments at December 31, 2006 consist of the following:

<u>Description of Investment</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	\$141,647	\$143,451	\$ 1,804
Certificates of Deposit	<u>100,000</u>	<u>99,812</u>	<u>(188)</u>
Total	<u>\$241,647</u>	<u>\$243,263</u>	<u>\$ 1,616</u>

At December 31, 2006, the aggregate market value of investments was greater than their aggregate carrying value by \$1,616. The Statement of Activities provides for an increase in unrestricted net assets for an unrealized gain on investments of \$1,616 and realized gain on investments of \$1,254.

Investments at December 31, 2005 consist of the following:

<u>Description of Investment</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Unrealized (Loss)</u>
Mutual Funds	<u>\$ 77,965</u>	<u>\$ 77,002</u>	<u>\$ (963)</u>

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

Note 4 - Investments (continued):

At December 31, 2005, the aggregate market value of investments was less than their aggregate carrying value by \$(963). The Statement of Activities provides for a (decrease) in unrestricted net assets for unrealized (loss) on investments of \$(963).

Note 5 - Program Activities:

During 2006 and 2005, The Marty Lyons Foundation, Inc. provided approximately 223 and 205 children, respectively, who have terminal or life-threatening illnesses, the fulfillment of a "special wish". The "special wishes" included meeting a celebrity, educational and entertainment items, shopping sprees, special gifts, and trips to recreational sites and specific points of interest. The child's family is provided with airline tickets, hotel accommodations and travel expense allowance on trips outside of the area in which they reside. Applications for "special wishes" are reviewed by the Chapter's Board and Medical Advisor on a monthly basis. Reports on these wishes are then made quarterly to the Foundation's Board of Directors. Applications are accepted only for children between three and seventeen years of age who have a terminal or life-threatening illness. Children must also reside, or be receiving medical treatment, within the Foundation Chapter's designated geographic locations.

Note 6 - Unrestricted Contributions:

All contributions received by The Marty Lyons Foundation, Inc. have been recorded as unrestricted contributions. There were no donor stipulations that limit the use of the donated assets.

Note 7 - Special Fund Raising Events and Activities:

During 2006 and 2005, The Marty Lyons Foundation, Inc. had various fund raising events. The net proceeds from these events are to be used in achieving The Marty Lyons Foundation, Inc.'s commitment to its present and future recipients.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

Note 7 - Special Fund Raising Events and Activities (continued):

The major fund raising events in 2006 were as follows:

Fund Raising Event	Revenue	Expenses	Net
Metropolitan Golf Outing	\$ 75,700	\$ 29,961	\$ 45,739
Suffolk Bowling for Wishes	11,522	3,145	8,377
Long Island Golf Outing	79,406	36,533	42,873
Celebrity Golf Classic	305,176	162,000	143,176
U.S. Secret Service Big Apple Classic	58,880	35,018	23,862
South Carolina Golf Classic	27,420	8,475	18,945
Nassau Bowling for Wishes	23,825	10,442	13,383
Norwalk Golf Classic	9,950	3,885	6,065
John Brogle Golf Outing	24,206	8,537	15,669
Celebrity Weekend for Kids	14,500	6,283	8,217
Holiday Party	25,925	28,818	(2,893)
Totals	<u>\$ 656,510</u>	<u>\$ 333,097</u>	<u>\$ 323,413</u>

The major fund raising events in 2005 were as follows:

Fund Raising Event	Revenue	Expenses	Net
Nassau Golf Outing	\$ 56,274	\$ 14,744	\$ 41,530
Long Island Golf Outing	49,565	25,522	24,043
60's Dance	7,237	3,340	3,897
U.S. Secret Service Big Apple Classic	67,555	33,155	34,400
Celebrity Golf Classic	331,555	155,015	176,540
Institutional Investor Awards Dinner-Silent Auction	15,185	8,164	7,021
New England Beach Blast	10,395	4,741	5,654
Suffolk Bowling for Wishes	11,294	2,009	9,285
Celebrity Weekend for Kids	14,185	477	13,708
Hedge Fund Awards Dinner-Silent Auction	10,970	5,388	5,582
South Carolina Golf Classic	19,810	10,014	9,796
Nassau Bowling for Wishes	14,113	7,673	6,440
Norwalk Golf Classic	7,990	7,933	57
Holiday Party	140,106	20,108	119,998
Totals	<u>\$ 756,234</u>	<u>\$ 298,283</u>	<u>\$ 457,951</u>

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2006 AND 2005

Note 8 - Rent Expense:

The Marty Lyons Foundation, Inc. is currently leasing office space on a month-to-month basis at \$1,000 per month.

Note 9 - Non-Cash Contributions:

Included in unrestricted contributions at December 31, 2006 and 2005 are non-cash contributions valued at \$3,960 and \$4,727, respectively.

Note 10 - Investment Risk:

The Foundation had cash deposits with Bank of America in excess of the \$100,000 FDIC insurance coverage.

The Securities Investor Protection Corporation (SIPC) provides up to \$500,000 of insurance coverage for the Foundation's securities with UBS Financial Services (\$100,000 cash; \$400,000 securities).

Note 11 - Contributed Services:

A portion of the Foundation's functions, including the fund raising events, is conducted by unpaid volunteer officers and committees. The value of the contributed time and expense is not reflected in the accompanying financial statements because it does not meet the recognition criteria of SFAS No. 116 and cannot be objectively measured or valued.

THE MARTY LYONS FOUNDATION, INC.
(A Non-Profit Corporation)

SCHEDULE 1
CELEBRITY GOLF CLASSIC
REVENUE AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Total Revenue	<u>\$ 305,176</u>	<u>\$ 331,555</u>
<i>Expenses:</i>		
Golf Course Fee and Food	124,310	126,757
Golf Windbreakers, Bags and Favors	29,572	13,665
Printing and Supplies	3,995	7,506
Raffle Items	3,284	6,495
Other Expenses	839	592
Total Expenses	<u>162,000</u>	<u>155,015</u>
Excess of Revenue over Expenses	<u><u>\$ 143,176</u></u>	<u><u>\$ 176,540</u></u>